[Letter Head]

April 29, 2002

Honorable Magalie Roman Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Trans-Elect, Inc., Pacific Gas and Electric Company and Western Area Power Administration: Path 15 Upgrade, Docket ER02-____.

Dear Secretary Salas:

Enclosed for filing with the Commission are an original and 6 copies of the Letter Agreement between the Path 15 Upgrade Participants. Please time stamp the two additional copies and return them to me in the self-addressed stamped envelope.

Western Area Power Administration ("Western") on behalf of Trans-Elect, Inc. ("Trans-Elect"), Pacific Gas and Electric Company ("PG&E"), and itself, together called the Path 15 Upgrade Participants, submits this limited filing pursuant to Section 205 of the Federal Power Act and Section 35.13 of the Commission's Rules and Regulations. While Western is not subject to Section 205 of the Federal Power Act, the other Path 15 Upgrade Participants are. To ensure that the project is completed in a timely manner and consistent with the Commission order in the *Removing Obstacles to Increase Electrical Generation and Natural Gas*

Supply in the Western United States, Docket EL01-47-000, ("*Removing Obstacles Order*"), as Project Manager, Western is filing this Letter Agreement. This Letter Agreement is an essential ingredient in the Path 15 Upgrades Project. It identifies the parties' obligations, expected rate methodologies and a blueprint for continued progress. As a result, the project Participants ask the Commission to expeditiously accept the Letter Agreement and approve the rate treatments contained in Section 7 so the project can be completed within its schedule timelines.

I. BACKGROUND OF THE FILING

As highlighted in the President's National Energy Policy Report, this nation faces serious challenges in assuring that adequate and reliable supplies of power are available to meet the needs of consumers. Among the most difficult obstacles to overcome is the lack of construction of new transmission to deliver electricity to load. Stimulation of investment in new high voltage transmission infrastructure is critical to our country's future economic health.

Path 15 is a transmission path located in northern California. The majority of the flow of power from southern California to northern California and to the

Pacific Northwest flows through Path 15.[1] Path 15 is constrained since there are just two, rather than three, 500-kV transmission lines in this area.[2] It is one of the most highly used and constrained transmission paths in the nation. The Path 15 transmission bottleneck has plagued California for over a decade, and contributed to blackouts.[3] The operating limits of Path 15 limit power flows in the area and the California Independent System Operator ("CAISO") has defined it as an Inter-Zonal Interface in its Congestion Management process.[4] Congestion on Path 15 has caused higher energy prices. This has undermined the reliability of the CAISO controlled grid.[5]

In light of the reluctance in recent years of the capital markets to fund needed electrical transmission, the Secretary of Energy was particularly pleased to announce last October the formation of a public/private consortium that was willing to fund the $300 million project. The creation of this group promises to alleviate a major constrained path in California, and to set a national example of how a public/private group could finance needed transmission investment.

[1] CAISO Path 15 Expansion Benefit Study at 6 (9/26/01).
[2] Path 15 Upgrade Phase 1 Comprehensive Progress Report at 3 (9/18/01).
[3] Path 15 Upgrade Phase 1 Comprehensive Report at 4.
[4] CAISO Path 15 Expansion Benefit Study at 6.
[5] *Id.* at 7.

Congress authorized the construction of the California Oregon Transmission Project ("COTP")[6], including the Los Banos-Gates Transmission Line, in the 1985 Energy and Water Development Appropriations Act.[7] Congress authorized Western to participate with non-federal entities in the construction and operations of COTP. In 1992, the participants completed the construction of the COTP. While the Act authorized construction of the Los Banos-Gates Transmission Line, the COTP participants chose not to construct it at that time.

On May 17, 2001, the National Energy Policy Report recommended that President Bush direct the Secretary of Energy to authorize Western to explore relieving the Path 15 bottleneck through transmission expansion in California. Since the COTP legislation provides Western with the authority to construct the Los Banos-Gates Transmission Line, Western looked at that option to relieve the Path 15 bottleneck.

Through an open and public process, Western solicited interest from non-federal entities that desired to participate in the construction and ownership of Path 15

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[6] The COTP is one of the three 500-kV transmission lines between the Pacific Northwest and California.

[7] P.L. No. 98-360, 98 Stat. 403, 416 (1984), *see, also*, Supplemental Appropriations for Fiscal Year 1985, P.L. No. 99-88, 99 Stat. 293,321 (1985).

upgrades from Los Banos to Gates. On June 13, 2001, Western published a notice in the Federal Register requesting statements of interest.[8] Through this process, Trans-Elect and PG&E were among those Western selected to participate in the construction of the Los Banos-Gates Transmission Line -- the Path 15 upgrade.

This Letter Agreement is an essential ingredient in the Path 15 Upgrades Project. It identifies the parties' obligations and expected rate methodologies. In its order in *Removing Obstacles Order* the Commission noted that:

> The problems that California and the West have been experiencing with regard to electricity supply/demand imbalances and high market prices result from transmission constraints, generation inadequacy and inadequate demand-side responses.[9]

The Commission took actions where it would have the greatest impact – fostering the installation of critical transmission investment.[10] As part of that docket, the Commission identified and approved several incentives to promote the construction of much needed transmission lines.[11] These incentives include higher rates of return

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[8] 66 Fed. Reg. 31909 (6/13/01).
[9] 94 FERC ¶ 61,255 at 61,968 (March 14, 2001)
[10] *Id.* at 61,969.
[11] *Id; see, also, Removing Obstacles to Increased Electric Generation and Natural Gas Supply in the Western United States, Further Order on Removing Obstacles to Increased Energy Supply and Reduced Demand in the Wesern United States and Dismissing Petition fo* Rehearing, Docket EL01-47-000 and EL01-47-001, ("*Further Removing Obstacles Order*"), 95 FERC ¶ 61,255 at 61,761 (May 16, 2001).

for new projects and accelerated depreciation.[12] The order expires on April 30, 2002.[13]

In testimony provided by the CAISO before the California Public Utilities Commission related to Path 15, the CAISO provided the following summary of electric system operation in California related to Path 15:

> . . .Historically, Path 15 has played a major role in the seasonal exchanges that take place between Northern and Southern California, and California and the Pacific Northwest. The majority of thermal generation in California is located in Southern California (and the desert Southwest), whereas the majority of the hydroelectric facilities are located in Northern California and Pacific Northwest. In large part driven by this geographic dispersion of thermal and hydroelectric generation, power typically flows from the south to north over Path 15 during winter off-peak hours, in part to enable northern hydroelectric resources to restock and conserve their water supplies, thus making those critical resources available during critical peak periods. This historical use of resources (and Path 15) has held constant even after the implementation of restructuring in California. However, these historical seasonal exchanges and resultant power flows over Path 15 have often been limited by the operating capacity of Path 15. Thus, since the CAISO began operations, Path 15 has been defined as an Inter-Zonal Interface (connecting the Congestion Zone north of Path 15 -- NP15 -- with the Congestion Zones south of Path 15 -- SP 15 and ZP26) in the CA ISO's Congestion Management process. As a result of this designation, transmission customers (Scheduling Coordinators) that submit schedules that use Path 15 must pay a charge (Usage Charge) for the right to use the constrained or “scarce” transmission capacity available on Path 15.[14]

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[12] *Further Removing Obstacles Order* at 61,764.
[13] *Id.* at 61,761.
[14] Opening Brief of California Independent System Operator on Path 15 Benefits at 9, *Order Instituting Investigation into Implementation of*

With respect to the benefits associated with an upgrade to Path 15, the CAISO concluded in its testimony:

> . . .a $300 million project to add 1500 MW of transfer capability at Path 15 is economically justified to reduce the risk of high prices associated primarily with the exercise of market power by strategically located generation and the existence of drought hydro conditions but also other factors such as the risk of a low level of new generation development in Northern California. An examination of historical Congestion costs and studies undertaken by the CAISO show that 1) between September 1, 1999 and December 31, 2000, congestion on Path 15 cost California electricity consumers up to $221.7 million; and 2) using reasonable assumptions, the $300 million cost of upgrading Path 15 could potentially be recovered within one drought year, plus three normal years. Further, upgrading Path 15 is consistent with a broader strategy to put into place a robust high-voltage transmission system that supports cost-effective and reliable electric service in California and a broader and deeper regional electricity market.[15]

The Path 15 upgrade removes one of largest and most notorious obstacles to increased electrical generation in the Western United States. In 2001, Path 15 led to two days of rotating outages of firm customer load and numerous days of threatened outages.[16] The CAISO's study indicates that potentially there is a significant economic benefit

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AB 970 Regarding the Identification of Electric Transmission and Distribution Constraints, Actions to Resolve Those Constraints, and Related Matters Affecting the Reliability of Electric Supply, I.00-11-001 and Conditional Application of Pacific Gas and Electric Company (U39 E) for a Certificate of Public Convenience and Necessity Authorizing Construction of Los Banos-Gates 500 kV Transmission Project, A.01-42-012 ("Path 15 CPUC Proceeding"). (4/10/2002).

[15] Testimony of Armando Perez, Stephen Thomas Greenleaf and Keith Casey on Behalf of the California System Operator, at 2, *Path 15 CPUC Proceeding.* (9/25/01).

for upgrading Path 15 in terms of mitigation of costs.[17] By providing additional import capability into northern California, the Path 15 upgrade promotes a more competitive electric market. The Path 15 Upgrade falls directly on point with the intent of the Commission's order in *Removing Obstacles Order*.

In making this filing, the Participants are using the guidance of the *Removing Obstacles Order.* However, while Path 15 upgrades relieve one of the most notorious transmission constraints in the United States, its scheduled completion date falls outside the dates contained in the order. This has raised significant concerns among the financial institutions that are participating in the construction. As a result, as part of this application, the Participants are seeking acceptance of Letter Agreement and approval of the rate methodology contained therein and developed using the principles and guidelines of the *Removing Obstacles Order*.

Specifically, the *Removing Obstacles Order* indicates the Commission's desire "to elicit whatever additional electric supply there is from existing resources and, equally important, to identify and work constructively on medium and longer term solutions, including new

[16] Path 15 Upgrade Phase 1 Comprehensive Report at 4.

infrastructure that can help avert future recurrences of the current electric supply shortage in the West."[18] The Path 15 Upgrades increase the capability from 3900 MW to 5400 MW for north-bound power deliveries. This increase of 1500 MW alone would have eliminated the power supply shortages faced in Northern California when local generation was inadequate.

The *Removing Obstacles Order* further provides that "the Commission reiterates the urgent need to do what it can to alleviate the ongoing energy situation facing the West and generally affirms its approach in providing incentives and removing obstacles to increased energy supply in the West."[19] The specific rate incentives are key to the increased interest in development of the Path 15 Upgrades and in bringing new parties who are willing to provide funding, where others have been unable to do so. The Commission also determined "that the accelerated depreciation proposal is warranted as an incentive to expedite transmission enhancements as it would provide improved cash flow and better position utilities for

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[17] Potential Economic Benefit to the Expansion of Path 15 9/24/01 at 1.
[18] *Removing Obstacles Order*, 94 FERC ¶ 61,272 at 61,967 (March 14, 2001).
[19] *Further Removing Obstacles Order*, 95 FERC ¶ 61,225, 61,761 (May 16, 2001).

longer-term infrastructure investments."[20] This faster return of capital is critical as PG&E, in particular, faces a large number of needed projects, in addition to the Path 15 Upgrades.

Continued adherence and observation of these *Removing Obstacles Order* principles provides much needed certainty to both the ratepayers and the financial institutions. The Letter Agreement also provides a commitment by the parties to resolve many of the issues that are currently plaguing the efficient operation of the transmission system in California. As part of this Letter Agreement, the Participants propose to turn over the operational control of the entire upgrade to the CAISO. The Participants also provide a commitment to turn over operational control of the upgrades to an RTO approved by the Commission.

This Letter Agreement is critical to this public/private consortium for financing the needed investment to alleviate a major constrained transmission path. The Participants requests acceptance of the Letter Agreement and approval of the rate methodologies contained in Section 7. While the Participants will make additional filings with the Commission, including a full cost of service, these latter filings will reflect the principles

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[20] *Id.* at 61,765.

contained in this Letter Agreement.

II. DESCRIPTION OF THE LETTER AGREEMENT

The Letter Agreement identifies the general terms and conditions for the participation in the project.

Section 1 of the Letter Agreement identifies the general terms of the Letter Agreement. It identifies that the Letter Agreement:

- Has been submitted to the Secretary of Energy or his designee for review;
- Will be governed by federal law;
- Is assignable;
- Will be filed with the Commission.

Section 2 of the Letter Agreement provides various definitions.

Section 3 of the Letter Agreement identifies the physical ownership and the transmission entitlements. Western will own the transmission line and associated land. PG&E will own the substations. Trans-Elect, PG&E and Western will all receive an entitlement to the transmission system rights ("TSR"). Initially, Trans-Elect will receive 72%, PG&E will receive 18% and Western will receive 10% of the TSRs. The final allocations will be determined based on the ratio of the contribution made by a Participant to the project either in terms of funding or actual work performed. In no event will Western's share be less than 10%.

Section 4 delineates the Project Management duties. During the construction of the project, Western will act as the Project Manager and provide services for managing the day-to-day activities of the project until commercial operation. Effective on the date of commercial operation, management of the project will be governed by a management committee.

Section 5 defines the project and the scope. The project is expected to have an incremental rating of 1,500 megawatts (MW) in the South-to-North direction, creating a Path 15 combined system rating of 5400 MW, as determined by Western System Coordinating Council or its successor. The project operation will be coordinated with the existing transmission system and operated in accordance with prudent utility practice as a transmission facility within the CAISO's control area. Scheduling shall be performed in accordance with the appropriate control area scheduling procedures and standards consistent with the North American Electric Reliability Council, and/or business practices and procedures adopted in standard market designs of FERC-certified Regional Transmission Organizations. PG&E and

Trans-Elect will turn over the operational control of their entitlement in the project to the CAISO. Western will turn the operational control of its entitlement provided that the CAISO makes the necessary changes to the CAISO Tariff, operational or other types of agreements that will allow Western to turn over the operational control of such entitlement without turning over control of its existing system. At present a new participant in the CAISO must turn over operational control of all its facilities. The Participants have discussed this with the CAISO and CAISO has indicated that it would accommodate Western's request. However, in the event the CAISO cannot accommodate the request to execute the necessary agreements, Trans-Elect and Western will jointly make an emergency filing in this docket with the Commission requesting an order that requires the CAISO to accept such entitlement. The Letter Agreement contemplates the execution of a future participation agreement ("Participation Agreement"). The Participation Agreement will address the construction of the project and provide the necessary funding and resources to complete the project.

Section 6 identifies the estimated costs and cost sharing responsibilities. The estimated cost of the project is almost $306,000,000. Trans-Elect agrees to pay the transmission line construction, replacement and maintenance costs. PG&E will be responsible for the construction, replacement and maintenance costs of modifications necessary to its Substations and its existing 230-kV transmission system as required. Western will acquire, at its own or at Trans-Elect's expense, all the land rights. Western will own the transmission line and the land. Western's obligations are contingent on either appropriations from Congress or advance funds provided by Trans-Elect. In the event Congress does not appropriate sufficient funds, Trans-Elect will advance funds to Western pursuant to the Contributed Funds Act

Section 7 establishes the rate-making principles to be used by each jurisdictional Participant. Please see the discussion in the next section: *Description of Rate Methodology Submitted for Approval*, below, for a full description of the rate methodology proposal that the Participants are submitting for approval.

Section 8 of the Letter Agreement deals with governance. The Participants agree to form a Management Committee (comprised of all the Participants) and Transmission Line Construction Committee (comprised of Trans-Elect and Western) for the construction work phase of the project. The specifics for these committees will be addressed in the Participation Agreement.

Section 9 identifies the subsequent agreements that must be executed. The parties expect to sign a Participation Agreement no later than May 15, 2002 or 10 days after a FERC decision on the Letter Agreement (whichever occurs later). The project is expected to achieve Commercial Operation in late 2004. The Participation Agreement will provide more detail on the governance, ownership percentages, coordinated operations including curtailment sharing with the existing PG&E transmission system, project work products and project scope, and the nature of the ownership rights and responsibilities, including payments for project costs, coordination with CAISO and the mitigation of adverse impacts due to subsequent system modifications. Section 9.4 identifies certain threshold conditions for further participation of some or all Parties before signing a definitive agreement or providing additional funding for the Project. These include a CAISO change in how it handles the flow through of payments to transmission owners. Trans-Elect seeks to bar the CAISO from co-mingling transmission revenues with generation related revenues. This is reflected in Section 9.4.4. of the Letter Agreement.

Section 10 provides for removal and withdrawal. Until the execution of the Participation Agreement, a Party may withdraw by providing 7 day written notice to all parties. Withdrawal after the execution of the Participation Agreement will be more fully discussed in it. Western, at its sole discretion may remove any entity from further participation in the project: (a) if a Participant fails to execute the Participation Agreement within 30 days after the last Condition to Participate occurs; or (b) if a Participant fails to execute the Participation Agreement by September 30, 2002, whichever date occurs first.

Section 11 acknowledges and provides compensation for past performed work.

Section 12 protects confidential information.

Section 13 provides the general intent of the parties.

Section 14 are provisions required by federal law.

III. DESCRIPTION OF RATE METHODOLOGY SUBMITTED FOR APPROVAL

A. Trans-Elect's Rate Methodology

Trans-Elect is an independent, for-profit transmission company that focuses on the acquisition of transmission systems from investor-owned utilities and the development of new transmission lines with the goal of establishing a national network of independent transmission companies under the Regional Transmission Organizations ("RTOs") envisioned by this Commission. Trans-Elect is in the process of completing the first such acquisition in the United States, that of the Consumers Energy Company's transmission system in Michigan.[21] Trans-Elect is also a general partner in a consortium that formed Alta Link to acquire the transmission system of Trans-Alta in Calgary, Alberta.[22] Both transactions are expected to close this month.

As the only truly independent transmission company in the United States, Trans-Elect has an interest in new transmission lines as well. Trans-Elect was chosen to be a Participant in the Path 15 project by Western. Trans-Elect initially will own through TSRs 72% of the rights to the capacity of the upgrade when built.[23] Trans-Elect is responsible for raising approximately $250 million of equity and debt to fund the project. To obtain sufficient financial support to fund, Trans-Elect must obtain from the Commission sufficient guidance as to the rate principles that will govern this project. Therefore, Trans-Elect respectfully requests the Commission adopt the proposed

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[21] *See Trans-Elect, Inc. et al.*, 98 FERC ¶ 61,142 (2002), *order on reh'g*, 98 FERC ¶ 61,368 (March 29, 2002).

[22] On March 28, 2002, Alta Link received regulatory approval from the Alberta Energy and Utilities Board to acquire Trans-Alta's transmission business.

rate principles as set forth below:

1. Trans-Elect's Rate of Return on Equity

Trans-Elect requests that the Commission grant a 13.5% rate of return on equity for its portion of the project. Trans-Elect submits that in light of the risks attendant with the project this proposed rate is relatively modest. A 13.5% return is consistent with what was granted by the Commission in the *Removing Obstacles Order* discussed above.[24]

As stated earlier, the *Removing Obstacles Order* is directly on point and, but for the timing issue, the current project fits under the rationale of that order. While the *Removing Obstacles Order* addressed projects that had short construction/completion schedules, the rationale underlying that order applies equally to projects with longer completion schedules such as the Path 15 Upgrades.

2. Trans-Elect's Target Capital Structure

Trans-Elect requests the Commission permit the use of a target capital structure for the project. This is consistent with the financings done in the gas and oil pipeline industry for new facilities or when capital

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[23] *See* Letter Agreement at 3.1.3, 3.2.
[24] 94 FERC ¶ 61,272, at 61,969-70.

structures are aberrational.[25] One of the ways Trans-Elect is able to achieve acceptable returns to obtain private financing is through leverage. Typically, these transactions are optimally leveraged at 20-30 percent equity. However, the equity/debt ratio will vary dramatically over time so that the actual equity component will be in the 40-50 percent range over a period of time. For ratemaking purposes, Trans-Elect requests a 50/50 capital structure as a predicate for obtaining financing in this deal.

Not only does Commission case law support the use of a target or hypothetical capital structure in cases of aberrational capital structures, but also the Commission has permitted their use in circumstances when new gas pipelines are constructed.[26] Trans-Elect would further note that the facilities will be placed in the CAISO and the parties have committed to place all facilities in an RTO when one is available.[27]

3. Trans-Elect's Rate Moratorium

There are a number of pending proposals regarding future rates in the CAISO. However, to allow financing of

[25] *See Alabama-Tennessee Natural Gas Co.*, 38 FERC ¶ 61,251 at 61,849-50 (1987).

[26] *See KansOK Partnership*, 71 FERC ¶ 61,340, at 62,338 (1995); *Wyoming Interstate Co., Ltd.*, 69 FERC ¶ 61,259, at 61,985-89 (1994); *Alabama-Tennessee Natural Gas Co., supra*, 38 FERC at 61,849-50.

the facilities, Trans-Elect requests that it be permitted to establish a fixed revenue requirement and be granted a rate moratorium for 36 months following the effective date of the rates. Such a moratorium may begin after December 31, 2004, and the facilities may not initially be in an RTO, meaning that the moratorium will not be governed by § 35.34(e)(4) of the Commission's Regulations. Nevertheless, Trans-Elect believes FERC should allow such a mechanism to permit financing of the project to go forward. The critical nature of this project, the need for revenue certainty and the difficulty of financing justifies permitting the moratorium to take effect and continue after December 31, 2004 when the project goes into service.[28]

4. Trans-Elect's Depreciation

Trans-Elect would note that it is not seeking accelerated depreciation, despite the fact that the *Removing Obstacles Order*[29] allows companies to file for such a treatment for new facilities. However, Trans-Elect requests that the Commission approve a 30-year depreciable life for the project facilities as being reasonable.

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[27] Letter Agreement, Section 5.8.

[28] *See Trans-Elect, Inc., et al.*, 98 FERC ¶ 61,142, at 61,423 and 98 FERC ¶ 61,368, slip op. at 7 (Trans-Elect can file and support proposal for rate moratorium to be effective after January 1, 2005 on grounds other than 35.34(e)(4)).

[29] 94 FERC at 61,969-70.

B. PG&E's Rate Methodology Request

PG&E will fully recover all of its reasonably incurred project costs including operation, maintenance, administrative and general, common costs, depreciation, return and taxes that result directly from, or are reasonably allocated to, PG&E's project construction and ongoing ownership costs of the Path 15 facilities owned by PG&E and modified or reinforced under arrangements with the Participants.

PG&E's projects costs will be fully recovered as part of Electric Transmission Network rates pursuant to PG&E's TO Tariff or its successor. The project costs will be fully rolled into network rates and recoverable from all parties who take service under PG&E's TO Tariff, its successor, or any other FERC authorized mechanism related to network service. PG&E will file a comprehensive TO request for the specifics of cost recovery according to the rate provision set forth by PG&E in Section 7.3 of the Letter Agreement.

PG&E requests that FERC allow PG&E to earn a reasonable rate of return on all Path 15 project facilities it owns, plus a 200 basis point incentive for reasons set forth in FERC's *Removing Obstacles Order* as described above.

PG&E requests that FERC allow PG&E to recover, in rates, depreciation expenses for PG&E's Path 15 project facilities it owns based on a 10 year useful life for reasons similar to those put forward in *Removing Obstacles Order.*

PG&E requests that FERC allow a reasonable industry target capital structure as requested by PG&E or ETrans (PG&E's transmission successor organization) in the subsequent TO Tariff rate filing.

C. Western is not seeking rate approval in this filing.

Western is not subject to Section 205 of the Federal Power Act and will set its rates and recover its revenue pursuant to its regulatory authority. Pursuant to the Department of Energy Delegation Order, Western will submit its rates to the Commission for confirmation and approval at a later time.

IV. REQUEST FOR WAIVERS AND EXPEDITED CONSIDERATION

As discussed above, consistent with the *Removing Obstacles Order*, the Participants are making this limited Section 205 filing to commence the project. No cost of service is being provided with this filing because the Letter Agreement deals with the basis for construction of the Path 15 Upgrade Project. Each Participant will provide their cost of service in a future filing. Therefore, for this filing, the Participants request a waiver of Rule 35.13 as it relates to the provision of cost of service and the associated statements.

For the reasons discussed in the body of this letter, the Participants also ask the Commission to expeditiously accept the Letter Agreement and approve the rate treatments contained in Section 7 so the project can be completed within its schedule timelines.

V. SERVICE

Copies of this filing has been provided to:

- California Public Utilities Commission and
- California Independent System Operator, Inc.

VI. CORRESPONDENCE

Western requests that all correspondence be addressed to:

Koji Kawamura
Western Area Power Admin.
P.O. Box 281213
12155 W. Alameda Pkwy
Lakewood, CO 80228

James D. Keselburg
Regional Manager
Western Area Power Admin.
114 Parkshore Drive
Folsom, CA 95630-4710

Trans-Elect requests that all correspondence be addressed to:

Alan J. Statman
Wright & Talisman PC
1200 G Street, NW
Ste. 600
Washington, DC 20005

Robert L. Mitchell
Executive Vice President
Trans-Elect, Inc.
815 Connecticut Ave., NW
Ste. 1200
Washington, DC 20006

PG&E requests that all correspondence be addressed to:

Kelly Morton
Pacific Gas & Electric Co.
77 Beale Street, B30A
San Francisco, CA 94105

Kevin Dasso
Pacific Gas & Electric Co.
123 Mission St, H12A
San Francisco, CA 94105

VII. ENCLOSURES

1. Attachment A: Letter Agreement
2. Attachment B: Certificate of Service
3. Attachment C: Notice suitable for publication in the Federal Register
4. A 3.5” disk includes all the documents in the RTF, Word, and WordPerfect format (designated RTF, DOC, and WPD, respectively).

Sincerely,

Koji Kawamura
Attorney
Office of General Counsel

Enclosures